

Decision No. 22537.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

CHRISTENSON-HAMMOND LINE, LOS ANGELES STEAMSHIP COMPANY, a corporation, McCORMICK STEAMSHIP COMPANY, a corporation, NELSON STEAMSHIP COMPANY, a corporation, and PACIFIC STEAMSHIP COMPANY, a corporation,

Complainants,

vs.

LOS ANGELES-SAN FRANCISCO NAVIGATION COMPANY, a corporation,

Defendant.

ORIGINAL

Case No. 2856.

In the Matter of the Suspension by the Commission on its own motion of certain rates published in LOS ANGELES-SAN FRANCISCO NAVIGATION COMPANY Local, Joint and Proportional Freight Tariff No. 2, C.R.C. No. 2, and Local and Joint Freight Tariff No. 3, C.R.C. No. 3.

Case No. 2863.

Eugh Gordon and Max Thelen, for the complainants in Case 2856 and protestants in Case 2863.

Sanborn, Roehl, Smith & Brookman, by H. E. Sanborn and A. B. Roehl, for Los Angeles-San Francisco Navigation Company, defendant in Case 2856 and respondent in Case 2863.

Reginald L. Vaughan, for Los Angeles-San Pedro Transportation Company, respondents in Case 2863.

H. R. Brashear, for Los Angeles Chamber of Commerce, in Case No. 2863.

R. M. Wolf, for the Retail Furniture Association of California, Incorporated, and the Central California Traffic Association, in Case 2863.

Geo. A. Culbert, for the General Electric Supply Corporation, Pacific Division, in Case 2863.

Gwyn H. Baker, for Berkeley Transportation Company, interested party.

K. W. Coplin, for Butler Brothers, in Case 2863.

LOUTTIT, Commissioner:

## O P I N I O N

By complaint filed May 1, 1930, in Case 2856 it is alleged that the publication by the Los Angeles-San Francisco Navigation Company of Local and Joint Freight Tariff No. 3, C.R.C.No. 3, proposed to become effective May 15, 1930, providing through class and commodity rates between San Francisco, Oakland, Alameda and Berkeley on the one hand, and Los Angeles on the other hand, for store-door pick-up or delivery at Los Angeles, and the publication of Local, Joint and Proportional Freight Tariff No. 2, C.R.C. No. 2, likewise proposed to become effective May 15, 1930, containing Rule 65 and certain reduced rates in Items 220, 225, 295, 338, 375, 415, 545, 570, 623 and 678, applicable between San Francisco, Oakland, Berkeley and Alameda on the one hand, and Los Angeles and Los Angeles Harbor on the other hand, were not in the public interest.

A preliminary hearing was held in Case 2856 May 9th, 1930, and from the evidence and testimony there of record the Commission was of the opinion that the rights and interests of the public might be injuriously affected by the proposed publications. The Commission therefore suspended until July 1, 1930, the effective date of the new schedules, and instituted on its own motion Case 2863 to determine whether the said schedules, if allowed to become effective, would be unreasonable, discriminatory, prejudicial, preferential or otherwise unlawful.

Public hearings were held May 27th and 28th and June 4th and 5th. The cases were consolidated for hearing and will be disposed of in one decision.

The Los Angeles-San Francisco Navigation Company, hereafter referred to as the Navigation Company, is a common carrier of freight and passengers by vessel between San Francisco and Los Angeles Harbor. The Los Angeles & San Pedro Transportation

Company, hereafter called the Truck Line, is a common carrier of freight by auto truck between Los Angeles Harbor and Los Angeles. Bay Cities Transportation Company and Berkeley Transportation Company are common carriers of freight by vessel between San Francisco and east bay points. These four carriers are parties to Tariff C.R.C. No. 3, hereafter called the store-door tariff, containing the store-door pick-up and delivery rates from and to Los Angeles. The Bay Cities Transportation Company and Berkeley Transportation Company have stated they will withdraw their participation from this tariff, thus leaving in effect only the store-door rates between San Francisco and Los Angeles via the Navigation Company and the Truck Line. The four rail lines respondents in Case 2863 operate between Los Angeles and Los Angeles Harbor and participate with the Navigation Company in the through rates contained in Tariff C.R.C. No. 2 between San Francisco and Los Angeles. Complainants in Case 2856 are common carriers of freight or passengers between San Francisco Bay points and Los Angeles Harbor. They are here protesting the publication of Tariff C.R.C. No. 3 in its entirety and certain rates in Tariff C.R.C. No. 2.

The Navigation Company has been in operation for about three years, maintaining with two combination freight and passenger vessels a schedule of three sailings per week in each direction between San Francisco and Los Angeles Harbor. Until the fore part of this year it was a member of the Pacific Coastwise Conference, an organization consisting of the major steamer lines, including complainants in Case 2856, operating between Pacific Coast ports. The Conference Lines publish a single tariff of class and commodity rates applicable between San Francisco and Los Angeles Harbor via all the steamer lines, except the Navigation Company. The tariff also contains rates from or to Los Angeles proper, applicable jointly in connection with the four rail lines

reaching the Harbor. Until April 12, 1930, the Navigation Company was a party to the Conference Tariff and observed the same rates as those of the other lines, but effective on this date it withdrew its participation from the uniform tariff and published two tariffs for its own account. Tariff C.R.C. No. 2 reproduced the rates of the Conference Lines between San Francisco Bay points on the one hand and Los Angeles Harbor and Los Angeles on the other, with the exception that it changed Rule 65 and reduced certain rates, which will be more fully discussed hereafter. The other tariff, C.R.C. No. 3, provided between San Francisco and Los Angeles class rates of 80 cents, 65 cents, 57 cents and 50 cents for first, second, third and fourth class respectively, and a commodity rate of 70 cents on drugs and medicines between San Francisco and Los Angeles, including a store-door pick-up and delivery service at Los Angeles. These rates will apply only via the Navigation Company and Truck Line, the former hauling the freight between San Francisco and Los Angeles Harbor and the latter between the Harbor and Los Angeles. The rail lines are not parties to Tariff C.R.C. No. 3. The four proposed class rates are the same as the class rates of the Conference Lines and those maintained in Tariff C.R.C. No. 2 between San Francisco and the terminals of the rail lines at Los Angeles, thus in effect materially reducing the present charges for a completed service between San Francisco Bay points and the store door of the shipper or consignee.

There are three fundamental questions here for consideration: First, whether or not public convenience and necessity require a store-door pick-up and delivery service at Los Angeles; second, whether or not the rates proposed by respondents are compensatory for this service; and third, whether or not Rule 65 and the reduced rates shown in Tariff C.R.C. No. 2 are reasonable and

otherwise lawful.

While the record contains testimony both in support of, and in opposition to, a store-door pick-up and delivery service, the preponderance of evidence shows that the shippers generally prefer a service such as proposed by respondents, rather than the present method of handling the goods through the terminals at Los Angeles and arranging for individual truck lines to deliver the shipments from there to the consignee. In my opinion respondents' proposed store-door service is in the public interest.

As previously stated, respondents propose to publish for this service the present terminal class rates of 80 cents, 65 cents, 57 cents and 50 cents, respectively. The distance between San Francisco and Los Angeles via vessel and truck is approximately 388 miles. The proposed rates appear sufficiently high to be reasonably compensatory when compared with the class rates maintained between San Francisco and Portland by four of the complainants in this proceeding, the Christenson-Hammond Line, McCormick Steamship Company, Nelson Steamship Company and Pacific Steamship Company. The latter rates in effect via steamers exclusively engaged in hauling freight, are 60 cents for first class, 50 cents for second class, 45 cents for third class, and 40 cents for fourth class. The distance between San Francisco and Portland, Oregon, is 651 miles or approximately two thirds greater than the distance between San Francisco and Los Angeles. While witnesses for complainants testified that the north coast rates were depressed both because of rail competition inaugurated some years ago and by competition of lumber schooners at the present time, there is nothing in this record to show that complainants have not been able to successfully operate under the present rates. In the absence of any evidence to the contrary I must conclude that the class rates maintained by complainants between San Francisco and Portland,

Oregon, are reasonable. Assuming that these rates would likewise be reasonable for application between San Francisco and Los Angeles Harbor for three fifths of the distance, the proposed rates between San Francisco and Los Angeles would be reasonably compensatory for the joint water and truck haul.

Complainants presented nothing in this record which would show that they would be seriously affected by the publication of the proposed store-door tariff. They are not adverse to placing in effect a store-door pick-up and delivery service but believe the rates should be uniform and higher than the rates proposed by respondents. The Navigation Company on the other hand contends that because of the comparatively slow time made by, and the higher insurance rates on, its wooden vessels its rates should be lower than those of the competing lines operating faster steel vessels and more frequent sailings. In this respect I am inclined to agree with the Navigation Company, for it is placed at a decided disadvantage in operating its slower boats in competition with those of the Los Angeles Steamship Company and the faster boats of the other lines. The complainants operating between San Francisco and the north coast points now maintain a differential of 5 cents per 100 pounds between the faster and slower types of vessels. Likewise differentials are maintained by the intercoastal lines for the same reason. Thus the Navigation Company's proposal that it be allowed to publish rates lower than those of the faster lines is simply in accord with the accepted practice of complainants and other steamship lines. I believe the store-door tariff has been justified.

Referring now to the reduced rates shown in Tariff C. R.C. No. 2: Proposed Rule No. 65 is clearly a clarification of the practice indulged in by respondents and the other steamship lines, namely, to allow shippers more than one day for assembling

freight at the wharves in order to give shipments the carload ratings. The reduced rates in Items 220, 225, 295, 338, 375, 415, 545, 570, 623 and 678 applying on automobiles, canned goods, charcoal, dry goods, glassware, metals, paints and rosin between San Francisco Bay points and Los Angeles or Los Angeles Harbor, are changes mainly caused by the ordinary rate revisions necessary from time to time to allow commodities to move freely. Some of these reduced rates have already been agreed upon by the Conference Lines as proper. These changes have been justified.

Upon consideration of all the facts of record I am of the opinion the Commission should find that the schedules under suspension have been justified, that the suspension orders should be vacated as of July 1, 1930, and that Case 2856 should be dismissed.

I recommend the following form of order:

O R D E R

This proceeding having been duly heard and submitted, full investigation of the matters and things involved having been had, and basing this order on the findings of fact and the conclusions contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that our orders dated May 12, 1930, and June 11, 1930, suspending Los Angeles-San Francisco Navigation Company Tariff C.R.C. No. 3 and certain portions of Tariff C.R.C. No. 2 be and they are hereby vacated and set aside as of July 1, 1930, and that Case 2863 be and it is hereby discontinued.

IT IS HEREBY FURTHER ORDERED that Case 2856 be and it is hereby dismissed.

The foregoing opinion and order are hereby approved and

ordered filed as the opinion and order of the Railroad Commission  
of the State of California.

Dated at San Francisco, California, this 16<sup>th</sup> day  
of June, 1930.

*C. L. Scammon*

*Leon C. Whittell*  
*David L. Luce*

*M. J. Lee*  
Commissioners.